

Q: What will happen to my security deposit if I vacate the property before the end of my lease?

A: In addition to any physical damage which you may have caused to his property, the landlord may also deduct from your security deposit his actual damages caused by your moving out of his property before the end of your lease term; however, he may not charge you a “termination fee” or impose any other penalty or forfeiture of deposit for your early termination. For example, your rent is \$600 per month and you move out of the landlord’s property two months before the end of your lease. If it takes the landlord (using his best efforts) one month to re-rent the property, he may deduct \$600 from your security deposit as lost rent for the period during which his property was vacant. In addition, the landlord may use the security deposit to recover any reasonable fees or commissions charged by a licensed broker to re-rent the property.



Q: What will happen to my security deposit if, for some reason, I am unable to pay my rent?

A: If you fail to fulfill your obligations under the lease (including your obligation to pay rent), the landlord or his agent may evict you from his property. (The court proceeding



is known as “summary ejectment.”) In addition to having you removed from his property, the landlord (or agent) may recover from you any unpaid rent and, of course, the cost of repairing any physical damage which you may have caused to his property—but not damage due to ordinary wear and tear. In addition, if you leave behind any of your personal property (furniture, clothing, etc.), the landlord may also recover from you the cost of storing your property. If your security deposit will not cover the landlord’s damages for unpaid rent, physical damage to his property, and storage of your personal property, you will be liable for payment of any remaining costs. If a civil judgment is entered against you by the court, it could adversely affect your credit rating.

Q: Is there a deadline by which the landlord or agent must return my security deposit?

A: Within 30 days after the termination of your tenancy, the landlord or agent must send you either a full refund of your deposit or a written itemized accounting of any deductions along with any remaining refund amount. Where the full amount of damage cannot be determined within 30 days, the landlord or agent may send you a written interim accounting of deductions claimed,

followed by a final accounting no later than 60 days following the end of the tenancy. So, it is important to give your landlord or agent a full forwarding address. If you cannot be located, the landlord or agent must hold for at least six months in his or her trust account the amount to be refunded to you. If the landlord or agent fails to refund your deposit or make the required accounting, you can sue for recovery of the deposit and reasonable attorney fees. The failure to make the accounting as required under the Act is a forfeiture of the landlord’s right to retain any portion of the deposit.



Q: What will happen to my security deposit if the ownership or management of the property that I rent is transferred to someone else?

A: If the landlord who collected your security deposit transfers ownership of his property to someone else during the term of your lease, he must either refund your security deposit to you (after making any allowable deductions), or transfer your deposit to the new owner (after making any allowable deductions) and notify you in writing of the new owner’s name and address. In either case, your deposit must be refunded or notice given to you of the new

owner’s name and address *within thirty days of the transfer*. Likewise, if you have paid your security deposit to the landlord’s agent and the agent discontinues managing the property during the term of your lease, the agent must either transfer your deposit to the landlord/owner or, with the owner’s permission, transfer your deposit to the new manager. In either case, the agent to whom you paid your security deposit must notify you of the new location of your deposit and, if your deposit is being transferred to the owner, advise the landlord of his or her responsibilities to you under the Tenant Security Deposit Act (NC Gen. Stat. § 42-50 et seq.).

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Questions and Answers on: TENANT SECURITY DEPOSITS

